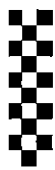


Exhibit 1



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FINAL REPORT

April 11, 2005

Sempra Energy

CONFIDENTIAL

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Assignment

Interfor was retained by William R. Isaacson, Esq. of Boies, Schiller & Flexner LLP on January 17, 2005 to conduct a discreet, confidential investigation on Francisco Molina, Gaston Luken, Flavio Olivieri, and Semptra Energy and their connections with Governor Eugenio Elorduy. In the course of the investigation, Interfor used its internal databases, confidential industry and government sources, confidential financial sources and field personnel in Mexico.

Summary of Investigation

Interfor's investigation into Governor Eugenio Elorduy, Francisco Molina, Gaston Luken and Flavio Olivieri has revealed that financial payoffs play a large role in the way that business and politics are carried out in Baja California and other Mexican cities. Additionally, drug cartels have a strong impact on Mexican elections and politics. Interfor has been able to uncover evidence of payoffs from Francisco Molina and Gaston Luken to Governor Elorduy. In addition, we have determined that Governor Elorduy has bank accounts in Switzerland and the Cayman Islands. Governor Elorduy has also been linked to giving preferential treatment to Semptra Energy Company. In fact, he lost the support of the Mexican Green Party largely because of his support for Semptra.

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Eugenio Elorduy Walther

Dob: November 21, 1940

Address: Avenue Sebastian Lerdo de Teja 1850

Col. Nueva, Mexicali, BCN

Wife: Maria Elena Blackaller Williamson (dob: January 10, 1944)

Children:

Maria Elena Elorduy Blackaller (dob: April 9, 1968)

Erika Elorduy Blackaller (dob: September 25, 1969)

Eugenio Elorduy Blackaller (dob: March 29, 1973)

Ernesto Elorduy Blackaller (dob: September 29, 1976)

Note: The subject's spouse has a brother named Ernesto Blackaller Williamson, who has a criminal record for fraud (Case # 105/03) in Monclovia, Coahuila, Mexico. This brother's address is Avenue Polongacion Juarez s/n Col. La Loma, Monclovia, Coahuila, Mexico.

Business Affiliations

The subject and his family members have a controlling interest in the following businesses:

Eugenio Elorduy Walther

Cachanilla Administradora S de RL

Instituto de Servicios Educativo y Pedagogicos de Baja California, SA de SV

Automotriz del Valle, SA de CV

Maria Elena Blackaller Williamson

Asesoría Integral Las Californias, SA de CV

Mujeres Libres en Favor de la Democracia, AC

Ptronato Museo Sol del Nino, AC

Eugenio Elorduy Blackaller

Asesoría Integral Las Californias, SA de CV

Multitube Corpratívo

Maria Elena Elorduy Blackaller

Cachanilla Administradora, SA de CV

Lubricacion En Diez Minutos, SA de CV

Erika Elorduy Blackaller

CMI de Mexico Internacional, SA de CV

North Safety de Mexicali S de RL

Wyman Gordon de Mexico S de RL

Rio Lindo S de RL

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Centro Internacional de Negocios y Convenciones, SA de CV
OMG de Mexico S de RL

Eugenio Elorduy Walther is also engaged in the following activities:

Centro Empresarial de Mexicali
Union de Concesionares de Automotiviles Nuevos, AC
Comite Ejecutivo de la Asociacion Mexicana de Distribuidores Ford, AC

Financial Investigation

A highly confidential and reliable source who has daily visual contact with the Governor and his family reports that Gaston Luken is seen at the Governor's mansion on a weekly basis. This source has overheard conversations with Luken and Elorduy regarding deposits in the Cayman Islands. The Governor has also been overheard talking on the telephone with someone in Switzerland named Felipe. The Governor is known to make these calls to Switzerland at 3am. It is believed that Felipe handles the Governor's banking in Switzerland. The same source has also witnessed the Governor's wife ironing \$100 dollar bills in order to remove the odor of mold.

Politics

The subject has been a member of PAN (Partido De Accion Nacional) since 1968 and has run for office numerous times. He was in charge of Ernesto Ruffo Appel's campaign when he ran for Governor of Baja California in 1989. After winning the election, Governor Ruffo appointed Eugenio Elorduy to be Head of State Finances. The subject remained in this position until 1995 when he was elected as the Mayor of Mexicali where he served until 1998.

The subject was elected Governor of Baja California in 2001, winning by a small victory which is attributed to the support he received from the Mexican Green Party (PVEM). Yet, since taking office, the Governor has had numerous arguments with the PVEM and he and the PAN have completely lost the PVEM's support. The PVEM supported the PRI candidates for mayor in the cities of Tijuana, Mexicali, and Tecate in the recent elections, all of whom won. A major reason for the PVEM break from the subject in particular, was due to the Governor's support of the various energy companies in their quest to build plants in Baja California. Paramount among these was the Governor's support of Semptra Energy. Not only did the PVEM break with the Governor, but a senior-level source inside the PVEM has told Interfor's operative that the party is conducting its own investigation of the Governor in an effort to obtain evidence that the Governor received cash kickbacks for his "support" to companies such as Semptra.

PRIVILEGED & CONFIDENTIAL**Connections with Drug Traffickers**

A high-level Interfor source indicates that the first mention of the subject's possible drug connections dates back to early 1995 when Elorduy was reported to be selling new cars to Manuel Aguirre Galindo, a prominent member of the Tijuana Cartel. The subject was reported to be providing Galindo all his new vehicles, with full knowledge of Galindo's background and the fact that he was wanted for illegal drug activities. These car sales were all cash deals. The subject was also reported to have sold Galindo a large parcel of land in Rosarito where Galindo later built the Oasis Hotel.

Currently, the United States Treasury Department's Office of Foreign Asset Control (OFAC) is investigating Luis Ignacio Moreno Medina and his brother, Alejandro Moreno Medina for involvement with the Arellano Felix Organization (AFO). Alejandro Moreno Medina is Secretary of Tourism for Baja California. He was appointed to this post by Governor Elorduy. The Baja California State Attorney General, Antonio Gonzalez Martinez Luna, is also under investigation in Mexico for receiving large bribes from the AFO drug cartel.

Education

Eugenio Elorduy has a degree in Business Administration from the Tecnológico de Monterrey. The degree was granted in 1965.

Civil Court Searches

A search of federal and statewide civil records for cases associated with Eugenio Elorduy Walther was negative.

Criminal Records Search

A search of federal and statewide criminal records for cases associated with Eugenio Elorduy Walther and all above-named family members was negative.

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Francisco Molina Robles

Bld. Las Palmas, 1180 Fracc.

Los Pinos, Mexicali, Baja California Norte

dob: April 18, 1939

Wife: Graciela Gonzalez Garcia (dob: 04/17/44)

Note: A son and daughter are also listed as living at same address as subject. They are: Francisco Javier Molina Gonzalez (dob: 07/21/69) and Graciela Molina Gonzalez (dob: 08/17/65).

Business Affiliations

Francisco Molina Robles is associated with the following corporation in Baja California Norte:

Distribuidora de Gas Natural De Coahuila – registered in the city of Mexicali, BCN. This company is involved in gas distribution in Mexico.

Acueducto BajaNortes de RL - registered in the city of Mexicali, BCN. This company is involved in piping either gas or water. This company is expected to build the gas pipeline which will start in Costa Azul and end beyond Mexicali.

Acueducto Ensenadas de RI - registered in the city of Ensenada, BCN. This company is also involved in piping either gas or water.

Note: There are no addresses listed for these companies.

The subject's wife, Graciela Gonzalez Garcia, is listed with the following associations:

Yonkeros Y Comerciantes Union (Mexicali, BCN).

Union De Comerciantes Del Mercado Sobre Ruedas Independiente SA de CV (Mexicali, BCN).

NOTE: These two associations started out as junk dealers and small commercial businesses. The second one is a union of street vendors.

Politics

The subject has had a long business association with Gaston Luken Aguilar over the past twenty years and has supported the PAN (Partido De Accion Nacional) since 1958. Until late 1989, the subject worked for the Luken family in Mexicali and has long been a trusted member of the inner circle of Luken and his friends. The subject's wife is also involved with

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the PAN and has long been associated with small unions in Mexico. When Eugenio Elorduy ran for mayor of Mexicali in 1995, Gaston Luken helped fund his campaign and the subject worked inside the Elorduy campaign. In 1998, the subject headed the Citizens Committee to Elect Eugenio Elorduy Walter for Governor of Baja California Norte. Subject never accepted a government posting and a confidential source says he confided to a friend "I don't want to be inside the government, I just want to be able to reach inside."

Financial Investigation

There are reports that the subject was involved in making a payoff to the Minister of Energy, Felipe Calderon Hinojosa, to obtain final approval for the Costa Azul Project. (Note: Hinojosa was removed from office by President Fox in the summer of 2004 shortly after he stated that he wanted to be President of Mexico.) Confidential sources indicate that the payoff payments were made in the Cayman Islands. The subject was also reported to have made payments into the bank account of Eugenio Elorduy Walther in the Cayman Islands and that additional payments were made to Ernesto Ruffo Appel (also in the Cayman Islands), former Governor of Baja California. Ruffo was also President Fox's representative in Northern Mexico for Business Ventures. These reports of illegal payments have not been documented. The current Minister of Energy in Mexico, Fernando Elizondo, is viewed as inexperienced in the energy sector and has not removed any of the individuals who were put in position by Calderon and who continue to support the Costa Azul Project.

There are also confidential reports that indicate that the expropriation of the land that Marathon intended to use for its LNG terminal was due to payoffs to Governor Eugenio Elorduy and Antonio Gonzalez Martinez Luna (State Attorney General) by one of the drug cartels (Juan Jose Esparragoza Moreno), which has been planning both residential and commercial projects in that region. Another report from a confidential source states that there was a double payoff (from two different sources) that caused the expropriation.

Recent reporting indicates that the subject and Gaston Luken are very concerned with the recent PRI (Partido Revolucionario Institucional) victories in Tijuana, Mexicali and Tecate and the prospect of a PRI governor winning in the 2006 elections.

Criminal Records Search

A search of Federal and Statewide records for cases associated with Francisco Molina was negative. The subject has never been arrested or convicted of any criminal activity by Federal Authorities or in the State of Baja.

Civil Records Search

A search of civil records in the state of Baja California (North and South) for cases associated with Francisco Molina was negative.

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Gaston Luken Aguilar

Dob: January 3, 1934

Wife: Alejandra Garza Valdes: Alejandra Deluken (dob: September 10, 1932)
(dob: September 10, 1932)

Paseo de Los Pinos 100

Col. Los Pinos, Mexicali, BCN

Family:

Barbara Luken Garza

Gaston Luken Garza

Cecilia Luken Garza

Alejandra Luken Garza

Communications

Interfor has determined that Gaston Luken is in regular contact with Governor Elorduy's assistant David Maldonado.

He is also in regular contact with the Partners for Democratic Change (Washington, DC) as well as with Southwest Commercial Properties in La Jolla, California.

Mr. Luken frequently speaks to the following individuals: Enrique Coppel Tamayo, Alfonso A. Aldrete, Raymond Shonholtz (Partners for Democratic Change), Antonio Diaz, and Howard Elmore.

Business Affiliations

Gaston Luken Aguilar is a shareholder in the following companies:

Nortservicios Agua SA de CV (Mexicali)

Aguapura Mexicana SA de CV (Mexicali)

Investigacion Y Desarrollo de Proceso Industrial, SC (Mexicali)

Colnversora SA de RL (Mexicali)

Intermil, SC (Mexicali)

Intersociedad SA de CV (Mexicali)

Latinamericana Duty Free SA de CV (Mexico City)

Automotriz Francia de La Costa SA (Mexicali)

Urbi Desarrollos Urbanos SA de CV (Mexicali)

NOTE: The subject sold all of his shares in Proxima Gas to Sempra last year.

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Gaston Luken Garza is a shareholder in the following companies:

Consejo de Desarrollo de Tijuana, AC
Consejo De Desarrollo Economico de Tijuana, AC
Coinversora S de RL
Intermil, SC
Intersociedad SA de CV
Dgn Servicios S de RL
Camino Real Misionero de las Californias.
Automotriz Francia de la Costa.

Barbara Luken Garza is involved in a Woman's Center called Centro De Ayuda Para La Mujer AC in Mexicali.

Connections with Drug Traffickers

Ruben Luken Aguilar, brother of the subject was kidnapped and later murdered several years ago in Mexicali. While the murder has never been officially solved, there are numerous reliable reports that identify the Juarez Cartel as being behind the kidnapping/murder. One confidential source stated that the Juarez Cartel did the kidnapping/murder because the Luken family was not being as cooperative as the cartel wanted in providing the cartel with access to the Mexican government, via the Luken family connections. There was also a report that the Tijuana Cartel had approached the Luken family to secure their cooperation and the Juarez Cartel wanted to be sure that the Luken family remained loyal (including the Coppel Luken family in Sinaloa).

The kidnapping/murder was also intended to send a signal to the subject that his son was also vulnerable. The Zaragoza Fuentes family is also believed to have been a player in this kidnapping/murder. Through Grupo Z, this family controls a large gas distribution network in Baja California and is known to have strong ties with the Juarez Cartel.

Gaston Luken Garza (the subject's only son), lives at Ave. La Loma 11301-501, Col. Hipodromo, Tijuana. He has been living at this address in Tijuana for the past four years and has developed a close relationship with Sempra and the various companies that have won construction bids with Sempra. With the aging of the subject (who is having some difficulty getting around), the son has been taking his father's place at various functions in Baja. It has also been observed that the son has begun building a personal relationship with the new mayor of Tijuana (Jorge Hank Rhon), who is known to dislike America in general and who could become a problem for Sempra in Baja.

Two reports from confidential sources report the sale of Proxima Gas shares was the vehicle used to make funds available to pay off the Governor for "help and support." Money for this payment was said to have gone through Switzerland.

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Politics

The subject's relationship with the current governor, Eugenio Elorduy Walter, goes back to the 1960's when the Luken family supported Elorduy in numerous attempts to run for city council, Congress, Senate until he finally won the Mayoral race and became mayor of Mexicali in 1995. Prior to that, when Elorduy was head of finance under the Ruffo administration (1989-95), he provided numerous state benefits to the Luken family and it was during this time that the relationship between Elorduy and the Luken family was cemented. Since that time the two have remained close personal and business friends.

Criminal Records Search

A search of Federal and State criminal records for cases associated with Gaston Luken and all above mentioned family members was negative. The subject has never been arrested or convicted of any criminal activity by Federal Authorities or in the State of Baja.

Civil Records Search

A search of civil records in the state of Baja California (North and South) for cases associated with Gaston Luken was negative.

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Flavio Arturo Olivieri Sangiacomo Borobia

DOB: October 24, 1964

Calle Tula 55, Col. Hipodromo, Tijuana, BCN, Mexico

Also Listed At Same Address:

Maria Isabel Olivieri Sangiacomo Borobia (Sister)

Sergio Olivieri Sangiacomo Borobia

Maria Isabel Borobia Souza (Mother)

Flavio Olivieri Sangiacomo Lórda (Father)

Luis Miguel Caribay Varela (May Be The Husband Of Maria Isabel Olivieri).

Business Affiliations

The only business affiliation found under the subject's name is a company called Cafe Galena De Baja California (dba Restaurant Marlot), located at Ave. Guanajuato 2585, Col. Cacho, Tijuana, BCN, Mexico. The federal tax number for this business is CGB931028738. The owners include of the restaurant include:

Maria Isabel Olivieri Borobia

Maria Isabel Oliveri Sangiacomo

Flavio Arturo Olivieri Sangiacomo

Sergio Olivieri Sangiacomo

Jose Guadalupe Avelar Ruiz

Employment

A pretext call to the Sempra office in Tijuana revealed that the subject was hired by Sempra's San Diego office, not the Tijuana office. He was terminated by the San Diego Office over 6 months ago. There was no reason provided for his termination.

A check with the Mexican IMSS (Social Security Office) reflects that there have been no benefits paid under the subject's name. (Note: Just as in the US, in Mexico the IMSS requires employers to pay benefits for their employees. The fact that there have been no employee benefits paid in under the subject's name indicates that he has not had employment in Mexico, although he may be self-employed, acting as a consultant, deriving income from his business, family, etc.)

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Criminal Records Search

A search of Federal and State criminal records for cases associated with Flavio Olivieri and all above mentioned family members was negative. The subject has never been arrested or convicted of any criminal activity by Federal Authorities or in the State of Baja.

Civil Records Search

The following civil records associated with Flavio Olivieri were found in Baja California:

Flavio Arturo Olivieri Sangiacomo v. Hector Octarula Rinza, (Tijuana 5th Civil Court; Case Nr. 055-99)

Flavio Arturo Olivieri Sangiacomo v. Vicente Gonzalez (Tijuana 4th Civil Court; Case Nr. 1772-99)

Flavio Arturo Olivieri Sangiacomo v. Alejandro Neyra Olvera (Tijuana 4th Civil Court; Case Nr. 1568-99).